

Unclassified

English - Or. English

30 November 2025

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Balancing Prudential Regulation and Competition Considerations in Banking – Note by Mexico

5 December 2025

This document reproduces a written contribution from Mexico submitted for Item 10 of the 147th OECD Competition Committee meeting on 4-5 December 2025.

Antonio CAPOBIANCO
Antonio.Capobianco@oecd.org, +(33-1) 45 24 98 08

JT03577846

Mexico

1. Introduction

1. Financial entities are fundamental to a nation's economic and social development. However, in Mexico, some financial services remain costly, and financial inclusion continues to be a challenge.
2. For instance, 58.2% of indigenous people and 65.5% of residents in small localities have limited access to financial products.¹ Moreover, despite the growth of digital methods such as apps or electronic transfers (7.6%), cash remains the dominant payment method in Mexico (73.5%).²
3. The Open finance model has the potential to include unbanked populations by allowing Fintech to develop solutions tailored to their needs. In Mexico, institutions participating in this model are, among others, Electronic Payment Fund Institutions (IFPEs) and credit institutions.³ IFPEs are subject to prudential regulation.
4. While prudential regulation is consistent with the goal of preserving system stability, its operational and supervisory requirements are not always proportionate to the level of risk, placing a heavier burden on smaller financial institutions.⁴
5. The Mexican Competition Authority, now the National Antitrust Commission (CNA or the Commission)⁵, issued various documents related to the financial market, providing recommendations on prudential regulation and competition matters. This contribution summarizes the Commission's experience assessing competition and prudential regulations in the Mexican financial market.

2. The institutional relationship between Mexican Financial Authorities and the Competition Authority

6. In Mexico, the financial authorities include the Ministry of Finance (SHCP by its acronym in Spanish), the Mexican Central Bank (Banxico by its acronym in Spanish), the National Banking and Securities Commission (CNBV by its acronym in Spanish), the National Commission for the Retirement Savings System (Consar by its acronym in

¹ National Survey of Financial Inclusion, ENIF by its acronym in Spanish (2024), p. 20, https://www.inegi.org.mx/contenidos/saladeprensa/boletines/2025/enif/ENIF2024_RR.pdf

² ENIF (2024), p. 20.

³ The Study of Competition and Free Market Access in Digital Financial Services (Study) is available in English at: https://www.cofece.mx/wp-content/uploads/2024/11/EE24-F_fintech-ENG_1DEAI-1-1.pdf, p. 113 and 115.

⁴ Organisation for Economic Co-operation and Development (OECD). (2017). Co-operation between competition agencies and regulators in the financial sector – Note by Mexico (DAF/COMP/WP2/WD(2017)10). https://www.cofece.mx/wp-content/uploads/2018/03/2017_cooperacion-sector-financiero.pdf

⁵ The CNA was formally established on October 16, 2025, replacing the former Federal Economic Competition Commission (Cofece). The CNA officially began operations on October 17, 2025. However, given its recent creation, information from Cofece has been used as basis for this contribution.

Spanish), the National Insurance and Securities Commission, the National Commission for the Protection and Defense of Users of Financial Services, and the Institute for the Protection of Bank Savings (IPAB by its acronym in Spanish).⁶

7. The CNA is the only authority responsible for promoting and protecting competition across all sectors of the Mexican economy, including the financial sector.

8. Among the financial authorities, the CNBV serves as the primary body responsible for establishing prudential regulation aimed at preserving liquidity, solvency and stability of financial institutions.⁷

9. The design and implementation of regulatory and policy objectives sometimes raise concerns about potential conflicts between prudential risk management and the goals of economic competition policy.

10. There is constant dialogue between the competition authority and the financial and banking regulators. This relation even extends to regulation where for example + under the Financial Services Transparency and Regulation Law (LTSOF by its acronym in Spanish), Banxico may request the Commission's opinion on fees, exchange rates, or the existence of effective competition.⁸

3. Commission's experience in the financial sector regarding prudential regulation

11. In its 2014 market study "*Research and recommendations on competition conditions in the financial sector and its markets*"⁹, the Commission identified that financial system penetration levels and financial intermediation in Mexico were low. Consequently, Mexico ranks among the countries with the lowest provision of credit.¹⁰

12. In this document the Commission pointed out that the main issue with prudential regulation was twofold. First, despite the rigorous regulatory framework with the goal of preserving system stability, its operational and supervisory requirements are not always aligned with risk, placing a disproportionate burden on smaller financial institutions. Second, since risk diversification is a common requirement for prudential regulation, small banks face disadvantages as they lack the same capacity for risk diversification. As a result, the Commission recommended that operational and supervisory requirements be aligned with each type of institution, considering its risk profile, complexity, scope and scale.¹¹

13. In 2017, the Commission actively contributed to the debate on the first Fintech Law in the country by issuing opinion OPN-007-2017. In this document, it noted the emergence

⁶ Mandate of the Financial Authorities, in Spanish, https://www.cesf.gob.mx/en/CESF/Marco_juridico

⁷ Article 4, fraction II; article 6 and article 6 Bis, CNBV Law, Cámara de Diputados, México. Available in Spanish at: <https://www.diputados.gob.mx/LeyesBiblio/pdf/LCNBV.pdf>

⁸ Article 4, LTSOF.

⁹ Available in English in: https://www.cofece.mx/cofece/images/Estudios/ExecutiveSummary_10022015.pdf#pdf

¹⁰ Cofece (2014), pp. 33-34, https://www.cofece.mx/cofece/images/Estudios/ExecutiveSummary_10022015.pdf#pdf

¹¹ Ídem.

of new technologies, such as financial technology institutions (Fintech), with the potential to transform the structure, performance and competitive dynamics of the financial sector.¹²

14. The Commission emphasized that the regulatory framework should foster innovation and market disruption by guaranteeing technical neutrality, non-discriminatory treatment, proportionality and flexibility. Specifically, it stressed that prudential regulation, covering authorizations, permits, requirements, and procedures, must be proportional to the objectives, complexity, and risks associated with the activities performed by Fintech institutions.

15. Following the enactment of the Fintech Law, sector regulators issued numerous secondary regulatory instruments. In its opinion OPN-009-2022¹³, the Commission identified specific regulations that affected the competition process and restricted market access:

- *Prudential measure for IFPE's regarding cloud computing.* Article 50 of *Electronic Payment Fund Institutions General Provisions* (IFPE Provisions)¹⁴ outlines a prudential measure for institutions contracting with primary cloud computing service provider of foreign origin. These IFPEs must include one of the following mechanisms in their continuity plans: (i) a secondary cloud computing provider; (ii) their own infrastructure to ensure operational continuity; or (iii) any other mechanism authorized by Banxico or the CNBV.^{15, 16}

The Commission observed that this measure applies only to IFPEs, even though the same risk could be relevant for other financial institutions, such as Banks, which have increasingly been using cloud computing as a complementary service. Consequently, this measure may create regulatory asymmetry, as IFPEs face stricter obligations than other institutions. The Commission recommended that Banxico, CNBV and the SHCP review the proportionality of this measure.

- *Agent limits under prudential rules.* Article 48 of the IFPE Provisions establishes limits for transactions through agents, setting a maximum daily amount of 1,500 Investment Units (UDI) per customer account for cash withdrawals,¹⁷ and 4,000 UDI for cash reception (deposits). In contrast, Article 323 of Credit Institutions

¹² OPN-007-2017, <https://www.cofece.mx/cfcresoluciones/docs/opiniones/v20/6/3953499.pdf>

¹³ OPN-009-2022, <https://www.cofece.mx/CFCResoluciones/docs/Opiniones/V197/1/5837843.pdf>

¹⁴ “Disposiciones aplicables a las Instituciones de Fondos de Pago Electrónico a que se refieren los artículos 48, segundo párrafo; 54, primer párrafo; y 56 primer y segundo párrafos de la Ley Fintech”. https://dof.gob.mx/nota_detalle.php?codigo=5610487&fecha=28/01/2021#gsc.tab=0

¹⁵ This measure is mandatory when two conditions are met: (a) the services provided by the third party are susceptible to being interrupted due to any provision, order, instruction, mandate, or equivalent act of a foreign authority and (b) the IFPE institutions has carried out any of the following activities, during a period of twelve-month period: (i) execute more than three million five hundred thousand Transfer Operations, (ii) send or receive transfers for a total amount of 6 billion investment units (UDI), and at any time when the IFPE have had more than one million accounts. OPN-009-2022, p. 4.

¹⁶ The CNBV is a decentralized agency of the SHCP, with authority over the authorization, regulation, supervision, and sanction of the various sectors and entities that comprise the financial system in Mexico, as well as over those natural and legal persons that carry out activities provided for in the laws relating to the financial system, <https://www.gob.mx/cnbv/que-hacemos>

¹⁷ An UDI is a unit of account whose value in Mexican pesos is periodically published by Banxico, <https://www.banxico.org.mx/marco-normativo/marco-juridico/idades-de-inversion/%7B1914DA63-41FA-6AA5-BD5A-12F2DCD15C83%7D.pdf>

General Provisions (IC Provisions) establishes different limits, 1,500 UDI daily per investment and account type for service payments and withdrawals, and 4,000 UDI per account for deposits. While these measures may be related anti-money laundering efforts, requirements that Fintech are already subject, the distinction creates a regulatory asymmetry, placing IFPEs at a disadvantage compared to credit institutions, despite both being exposed to similar risk profiles. Considering this, the Commission recommended that SHCP, Banxico and CNBV evaluate whether the regulatory distinction for the use of agents is adequately supported by a real differentiation in the risk that each institution entails.

- *Prudential safeguards: Fintech Law and IPAB Law.* Article 46 of the Fintech Law requires Fintech institutions to deposit client funds in an authorized financial entity under the name of the Fintech institution, rather than the individual client. However, Article 11 of the IPAB Law guarantees coverage of only 400,000 UDI per person (or account holder).¹⁸ This implies that in the event of bank liquidation, protection for Fintech customers' funds would be limited to 400,000 UDI per Fintech account, not per individual client. As a result, Fintech are obligated by regulation to assume the risk of depositing funds in a bank, even when they have no control over their decisions or risk level. This situation could place Fintech at a disadvantage compared to banks in terms of the consumer protection guarantees they can offer for the funds entrusted to them. Moreover, it could mean that Fintech must assume greater risk, the cost of which might be passed on to their clients, thereby compromising their ability to compete. In this context, the Commission recommended that Banxico evaluate, based on international best practices, regulatory alternatives to ensure greater protection of Fintech users' funds without significantly increasing costs.

4. Collaboration with Financial Regulators

16. In Mexico, financial regulation is managed by separate authorities, specifically the SHCP, Banxico and the CNBV. These authorities have a close partnership among them and with the CNA. This collaboration is formally established through agreements and reinforced by informal channels that foster cooperative relationships. As part of this cooperation, CNBV and Banxico have worked with the Commission, for example providing comments on opinion OPN-009-2022 and participating in discussions related to the *Study of Competition and Free Market Access in Digital Financial Services*.¹⁹

5. Final Remarks

17. Prudential regulation plays a critical role in safeguarding the financial system, but it must be proportionate to the level of risk posed by each type of institution. Overly burdensome requirements can create regulatory asymmetries, limiting the ability of smaller entities and Fintech firms to compete effectively. Aligning prudential measures with risk profiles, complexity, and scale is essential to maintain a balanced and competitive market.

¹⁸ Ley de Protección al Ahorro Bancario (IPAB Law), <https://www.diputados.gob.mx/LeyesBiblio/ref/lpab.htm>

¹⁹ Cofece-045-2024, <https://www.cofece.mx/autoridades-y-expertos-del-sector-financiero-dialogan-propuestas-de-la-cofece-para-la-inclusion-financiera/>

18. Equally important is ensuring that prudential regulation remains consistent with competition policy objectives, avoiding unnecessary barriers to entry and fostering a level playing field. Achieving this balance requires continuous dialogue and cooperation between financial regulators and the competition authority, leveraging formal agreements and informal channels to harmonize objectives.

19. This collaborative approach will be strengthened by the fact that the CNA now operates within a broader State public policy framework, enhancing institutional coordination and policy coherence. By working together, regulators can design policies that protect consumers, promote innovation, and ensure a competitive financial ecosystem that benefits all participants.